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INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

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FM AMEMBASSY LONDON

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INFO AMEMBASSY BONN

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DEPARTMENT PASS TO LABOR, TREASURY AND FRB

E.O. 11652: N/A

TAGS: ELAB, UK, PINT, EEC, CI, PO

SUBJECT: THE SCOTTISH TUC HEWS MODERATE LINE AT ITS
ANNUAL CONGRESS

REF: LONDON 6225

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1. BEGIN SUMMARY: ALTHOUGH SOME OF THE CHARACTERISTIC

SOUND AND FURY OF PREVIOUS YEARS WAS REPEATED DURING LAST WEEK'S ANNUAL CONGRESS OF THE SCOTTISH TUC IN PERTH (APRIL 19-23), THE MAJOR DECISIONS OF THE CONGRESS REFLECTED A VICTORY FOR MODERATES, PARTICULARLY DURING THE CRUCIAL VOTES ON THE GOVERNMENT'S PAY POLICY PROPOSALS. THE LEFT-WING, LED BY THE COMMUNIST TRADE UNION LEADER, MICK MCGAHEY (A VICE-PRESIDENT OF THE NATIONAL UNION OF MINERS), WAS TURNED BACK SHARPLY BY THE MODERATE FORCES, WHOSE KEYNOTER WAS JACK JONES, THE TRANSPORT WORKERS' LEADER. THE SCOTTISH TUC ALSO WELCOMED THE GOVERNMENT'S WHITE PAPER ON DEVOLUTION, ALTHOUGH WITH SOME CRITICAL COMMENT. THERE WERE OF COURSE SOME SERIOUS CRITICISMS OF THE GOVERNMENT ON SUCH MATTERS AS UNEMPLOYMENT POLICY AND PUBLIC EXPENDITURE CUTS BUT IN GENERAL THE CONGRESS REFLECTED THE SWING TOWARD THE CENTER WHICH HAS BEEN GOING ON IN THE BRITISH TUC PARTICULARLY SINCE THE LAST HALF OF 1975. END SUMMARY.

2. THE SCOTTISH TUC HAD PREVIOUSLY BEEN ON RECORD IN OPPOSITION TO ANY WAGE RESTRAINT POLICY AND ITS GENERAL COUNCIL, IN FACT, HAD REITERATED THIS OPPOSITION ON THE VERY EVE OF THE CONGRESS, WHICH OPENED ON MONDAY, APRIL 19. BUT WHEN A RESOLUTION CALLING FOR "THE END TO INCOMES POLICY MEASURES LIKE THE 6 POUND PAY LIMIT AND ANY SIMILAR SCHEME" CAME TO THE FLOOR, IT WAS DEFEATED BY A VOTE OF 1,187 TO 632. THE THREE GIANT UNIONS OF THE TUC -- TRANSPORT WORKERS, ENGINEERING WORKERS AND THE MUNICIPAL WORKERS WHO REPRESENT 4,000,000 WORKERS THROUGHOUT THE COUNTRY -- HELPED THROW BACK THIS RESOLUTION. HOWEVER, ANOTHER RESOLUTION WHICH TERMED THE 3 PERCENT LIMIT ON PAY NOW PROPOSED BY THE GOVERNMENT AS "INADEQUATE" WAS OVERWHELMINGLY APPROVED. (THIS RESOLUTION, IT MUST BE EMPHASIZED, IS NOT ESSENTIALLY DIFFERENT FROM THE TUC'S OVERALL POSITION IN NEGOTIATIONS WITH GOVERNMENT SO FAR (SEE REFTTEL), AND OVER THE WEEKEND, THE WELSH TUC -- AT ITS ANNUAL CONGRESS -- FOLLOWED THE SAME COURSE).

3. THE DEBATE ON THE MOST CRITICAL TRADE UNION ISSUE -- NEXT YEAR'S PAY ROUND -- PROVED ONCE AGAIN THAT WHEN LIMITED OFFICIAL USE

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SUCH BIG UNIONS AS THE TGWU, THE AUEW AND THE GMWU "SEE EYE-TO-EYE," THE MANY SMALLER UNIONS ARE UNABLE TO CARRY THE DAY. JACK JONES, AS DURING LAST SEPTEMBER'S TUC CONGRESS IN BLACKPOOL, WAS THE KEYNOTER FOR THE TUC "ESTABLISHMENT'S" MODERATE ECONOMIC POLICY. HE URGED, AS HE HAS IN THE PAST, THAT THE UNIONS UNITE BEHIND THE GOVERNMENT IN ITS FIGHT AGAINST UNEMPLOYMENT AND INFLATION. FOR HIS PAINS, HOWEVER, HE FOUND HIMSELF IN THE

RELATIVELY UNUSUAL POSITION OF BEING BITTERLY HECKLED
FROM THE GALLERY BY EXTREME LEFT-WING MILITANTS -- A PO-
SITION WHICH WOULD HAVE BEEN UNTHINKABLE EVEN A YEAR AGO.

4. THE VICTORY OF THE MODERATE FORCES ON THIS CRITICAL
RESOLUTION DID NOT MEAN, OF COURSE, THAT THE SCOTTISH
TUC GAVE A BLANK CHECK TO THE GOVERNMENT. A RESOLUTION
CALLING FOR DRASTIC ACTION TO DEAL WITH UNEMPLOYMENT WAS
PASSED UNANIMOUSLY. IT URGED INCREASED INVESTMENT IN KEY
NATIONALIZED INDUSTRIES SUCH AS STEEL AND RAIL, SELECTIVE
IMPORT CONTROLS, AN IMMEDIATE END TO CAPITAL OUTFLOW FROM
BRITAIN, AND A REDUCTION IN ARMS SPENDING. IT ALSO
CALLED FOR INCREASED EXPENDITURES FOR THE NATIONAL ENTER-

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PRISE BOARD AND THE SCOTTISH DEVELOPMENT AGENCY, AS WELL AS FOR PUBLIC OWNERSHIP AND CONTROL OF KEY INDUSTRIES AND FINANCIAL INSTITUTIONS. (HOWEVER, A FURTHER RESOLUTION CALLING FOR IMMEDIATE NATIONALIZATION WITHOUT COMPENSATION AND FOR IMMEDIATE REDUCTION IN THE WORK WEEK WITHOUT EARNINGS LOSS FAILED TO WIN ACCEPTANCE, FOLLOWING AN INTERVENTION BY JONES WHO SAID IT "RAISES DREAMS LIMITED OFFICIAL USE

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AND MISLEADS" AND WOULD BE WELCOMED BY THE CONSERVATIVE CENTRAL OFFICE.)

5. GOVERNMENT PUBLIC SECTOR EXPENDITURE CUTS WERE ALSO STRONGLY CRITICIZED BY THE STUC AND A RESOLUTION CALLING FOR THEIR RESTORATION WAS OVERWHELMINGLY PASSED BY THE CONGRESS. THE RESOLUTION DECLARED THAT THE CUTS MADE "HAVE ALREADY LED TO A DISASTROUS LOWERING OF THE SOCIAL WAGE" AND CALLED INSTEAD FOR A POLICY OF EXPANSION. OTHER RESOLUTIONS CONDEMNED THE FALL IN HOUSING STARTS AND CUTS IN THE CIVIL SERVICE. THE CONGRESS ALSO CALLED ON THE GOVERNMENT TO RAISE OLD AGE PENSIONS TO NOT LESS THAN 50 PERCENT OF ADULT MALE EARNINGS FOR A MARRIED COUPLE AND NOT LESS THAN 33 1/3 PERCENT FOR A SINGLE PERSON.

6. DEVOLUTION: THE SCOTTISH TUC OVERWHEINGLY REJECTED A RESOLUTION PROPOSING A REFERENDUM ON SEPARATION FROM THE UNITED KINGDOM AND INSTEAD APPROVED ONE WHICH CALLED FOR A SCOTTISH ASSEMBLY WITH REAL ECONOMIC POWERS. ALEX KITSON, OF THE TGWU, WHO MOVED THE RESOLUTION SAID HE WELCOMED THE GOVERNMENT'S WHITE PAPER ON DEVOLUTION BUT URGED IMPROVEMENTS PARTICULARLY BY INCREASING THE ASSEMBLY'S ECONOMIC POWERS. HE ALSO CRITICIZED THE FAILURE OF THE GOVERNMENT'S PROPOSAL TO GIVE THE SCOTS CONTROL OVER THE UNIVERSITIES AND THE LACK OF CLARITY IN THE PROPOSED DIVISION OF POWERS BETWEEN ASSEMBLY AND PARLIAMENT. IN GENERAL, THE STUC POSITION WAS SIMILAR TO THAT TAKEN BY THE LABOR PARTY'S SCOTTISH COUNCIL AT ITS ANNUAL CONVENTION IN LATE MARCH.

7. EEC: ALTHOUGH A NUMBER OF SPEAKERS VOICED CONTINUED OPPOSITION TO THE OBJECTIVES OF THE EUROPEAN COMMUNITY, A

RESOLUTION OPPOSING ECONOMIC AND MONETARY UNION RECEIVED ONLY NARROW SUPPORT. OTHER RESOLUTIONS URGED THE GOVERNMENT TO DISSOCIATE ITSELF COMPLETELY FROM THE CHILEAN MILITARY JUNTA AND GAVE SUPPORT TO PORTUGUESE "INTER-SINDICAL," WHOSE REPRESENTATIVES WERE PRESENT AT THE CONGRESS, TOGETHER WITH THE USUAL ARRAY OF DELEGATES FROM EASTERN EUROPE.

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8. COMMENT: THE SCOTTISH TUC REPRESENTS ONLY ABOUT A TENTH OF THE OVERALL TUC MEMBERSHIP, AND THE TUC HAS FREQUENTLY DISREGARDED ITS POSITIONS IN FORMULATING ITS OWN POLICIES AT TUC CONFERENCES. HOWEVER, THE SCOTTISH TUC DEBATE FREQUENTLY FORESHADOWS THE KIND OF DEBATE WHICH THE TUC ENGAGES IN EACH YEAR ON ECONOMIC POLICY, AND IT IS SAFE TO ASSUME THAT UNLESS THERE IS A BREAK-DOWN IN THE DISCUSSIONS BETWEEN THE TUC AND THE GOVERNMENT ON THE NEXT WAGE ROUND -- WHICH APPEARS HIGHLY UNLIKELY -- THE TUC "BIG THREE" PHALANX OF TRANSPORT, ENGINEERING AND MUNICIPAL WORKER UNIONS WILL REPEAT THEIR PERFORMANCE IN SUPPORT OF A SECOND WAGE RESTRAINT ROUND AT THE SPECIAL TUC CONGRESS ON JUNE 16.

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